Problems to American Power Companies in India

2162. SHRI NANA DESHMUKH: Will the Minister of POWER be pleased to state:

(a) whether recently during the course of interaction with an Indian delegation, the U.S. has voiced its concern over the problems being faced by American power companies in India in implementation of their contracts;

(b) if so, the reasons therefor; and

(c) the steps being taken by Government in reforming and strengthening the distribution side of the power sector to make it financially viable?

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRIMATI JAYAWANTI MEHTA): (a) and (b) During the visit by the Minister of Power to the US in the first half of October, 2002, the US Assistant Secretary of Energy, Ms. Vicky Bailey, in her address at a symposium, stated that there was an erosion of confidence within the US Power Business Community about the Power Sector in India on account of certain contractual and payment problems being faced by the existing Independent Power Producers (IPPs) with US investments. She observed that it would be extremely difficult for American investors to invest in India unless structural issues in the Indian Power Sector were addressed.

(c) The Ministry of Power has initiated large-scale reforms in the power sector. Under the reforms programme, the Ministry of Power has launched the Accelerated Power Development Programme (APDP) now known as the Accelerated Power Development and Reforms Programme (APDRP) in the year 2000-01 as an important step towards reduction of Aggregate Technical and Commercial losses and restoring commercial viability of the power sector. Twenty-Five States have signed Memoranda of Understanding for undertaking reforms and restructuring in a time bound manner and linking the support of Government of India to achievement of predetermined milestones. To bring about commitment towards distribution reforms, State Electricity Boards/Utilities have been asked to sign a Memorandum of Agreement (MoA) with Ministry of Power as a pre-requisite for release of APDRP funds. Till now, 18 States have signed the MoA.